

HOUSE BILL REPORT

HB 1062

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to streamlining the implementation and coordination of state energy policies and programs.

Brief Description: Streamlining the implementation and coordination of state energy policies and programs.

Sponsors: Representatives Hudgins, Morrell, Linville, B. Sullivan and Morris.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/12/07, 2/27/07 [DPS].

Brief Summary of Substitute Bill

- Establishes the Sustainable Energy Office.
- Establishes the position of the Director of the Sustainable Energy Office (Director) and specifies the powers and duties of the Director.
- Requires the Director to develop a sustainable energy strategy.
- Requires the Director to oversee a sustainable energy work group to implement the sustainable energy strategy work plan.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Morris, Chair; McCoy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Eddy, Hankins, Hudgins, Hurst, Takko and VanDeWege.

Minority Report: Do not pass. Signed by 1 member: Representative Ericksen.

Staff: Scott Richards (786-7156).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

In 1996, the Legislature dismantled the Washington State Energy Office and divided the office's duties among three state-based entities: the Energy Policy Division of the Department of Community, Trade and Economic Development; the Washington State University Energy Extension Program; and the Department of General Administration.

Energy Policy Division

The Department of Community, Trade and Economic Development (CTED) Energy Policy Division is charged with supervising and administrating energy-related activities in the state, as well as advising the Governor and the Legislature with respect to energy matters affecting the state.

Also, the Energy Policy Division:

- develops contingency plans for energy shortages or emergencies;
- serves as the official state agency responsible for coordinating implementation of the state energy strategy;
- carries out energy programs assigned by the Governor or the Legislature, adopting rules to carry out the powers and duties;
- coordinates federal energy programs appropriate for state-level implementation;
- serves as a central repository for collection of existing data on energy resources;
- provides office space and other support for the state's representatives to the Northwest Power and Conservation Council. The Council develops and maintains a regional power plan and a fish and wildlife program to balance the Northwest's environment and energy needs;
- provides administrative support to the Energy Facility Site Evaluation Council; and
- provides support for increasing cost-effective energy conservation and development of cost-effective energy resources.

Washington State University Energy Extension Program

In 1996, the Legislature transferred energy education, applied research, and technology transfer programs from the State Energy Office to Washington State University (WSU). The WSU Energy Extension Program receives project funding from federal government agencies, federal power marketing agencies, the nonprofit Northwest Energy Efficiency Alliance, and several other sources. The WSU Energy Extension Program maintains a staff of 60 working in Olympia, in Spokane, and at other satellite locations. Clients of the WSU Energy Extension Program range from industrial plants, to private consulting firms, businesses, government agencies, and utilities.

Specific programs transferred in 1996 from the State Energy Office to the WSU Energy Extension Program include:

- renewable energy;
- energy software;
- industrial energy efficiency;
- education and information;
- an energy ideas clearinghouse; and

- telecommunications (now part of the WSU Center to Bridge the Digital Divide).

Also, the WSU Energy Extension Program currently maintains the following programs in support of their mission:

- the Applied Building Science Team;
- the Northwest Combined Heat and Power Applications Center;
- the Motor Resource Center;
- information and support for resource efficiency management;
- the Northwest Solar Center;
- the Pacific Northwest Extension Energy Initiative;
- energy and ventilation code support for residential construction; and
- the Climate Change and Rural Energy Development Center.

The Department of General Administration

In 1996, the Legislature transferred powers, duties, and functions of the State Energy Office related to energy efficiency in public buildings to the Department of General Administration (GA).

The GA maintains responsibilities in the following state agency-focused energy efficiency programs:

- life-cycle cost analysis guidelines for state agencies;
- green building rating standards;
- conservation and cogeneration in state facilities;
- energy audits at state facilities; and
- energy saving performance contracting.

In addition to the energy efficiency programs, the GA is responsible for state renewable fuel contracts and agency renewable fuel usage reporting. The GA also assists state agencies in the purchase of fuel cells as backup power generation.

Washington State Department of Agriculture

The Washington State Department of Agriculture carries out more than 25 distinct programs that support the agricultural community and promote consumer and environmental protection.

Bioenergy Program

The Department of Agriculture is responsible for adopting rules that implement the state renewable fuel content standard passed by the Legislature in 2006. Senate Bill 6508 requires that by the end of 2008 at least 2 percent of the gasoline sold in the state be an ethanol blend and at least 2 percent of the diesel sold in the state be a biodiesel blend.

Also, the Department of Agriculture oversees the Energy Freedom Fund. To date, the Department of Agriculture has approved low-interest loans totaling \$6.75 million to assist seven energy projects through the competitive-bid Energy Freedom Loan program. In addition, five public entities received a total of \$10.25 million in non-competitive loans as directed by the 2006 Legislature.

Washington State Department of Ecology

The Department of Ecology has the authority to manage and develop Washington's air and water resources and to carry out a coordinated program of pollution control.

Power Plant Carbon Dioxide (CO₂) Emissions Mitigation

The Department of Ecology sites thermal power plants of less than 350 megawatts where the applicant is not seeking an order of approval from a local air pollution control authority. For plants over 350 megawatts, site certification must be sought under the Energy Facility Site Evaluation Council.

Current law requires fossil-fueled thermal power plants with a generating capacity of 25 megawatts or more to mitigate for 20 percent of the CO₂ emissions produced by the plant over a period of 30 years. This requirement applies to new power plants seeking site certification and existing plants that increase the production of CO₂ emissions by 15 percent or more.

Utilities and Transportation Commission (UTC)

The UTC regulates in the public interest, the rates, services, and practices of investor-owned utilities and transportation companies, including electric, telecommunications, natural gas, water, and solid waste collection companies, pipeline safety, private commercial ferries, buses, and motor carriers. By law, the UTC must set rates that are fair, just, reasonable, and sufficient.

Summary of Substitute Bill:

Sustainable Energy Office

A Sustainable Energy Office and the position of Director is established.

Powers and Duties

The powers and duties of the Director of the Sustainable Energy Office (Director) shall include, but are not limited to:

- supervising and administering the activities of the office;
- advising the Governor and the Legislature with respect to sustainable energy matters affecting the state;
- developing a sustainable energy strategy to drive Washington's sustainable energy goals; and
- overseeing the development of a sustainable energy work plan in consultation with the Sustainable Energy Work Group.

Sustainable Energy Work Plan

The sustainable energy work plan shall provide actions:

- to ensure state staffing resources are allocated in the most efficient and effective manner possible to accomplish the strategic plan;
- to eliminate the duplication of services;
- to ensure the execution of policies adopted by the Legislature; and

- to establish performance metrics and to regularly measure progress in achieving the sustainable energy strategy.

Sustainable Energy Work Group

The Director shall oversee a state agency sustainable energy work group to meet no less than quarterly to coordinate activities to implement the sustainable energy work plan. The work group shall consist of the directors, or designees determined by the directors, of the following state energy entities:

- the Department of Agriculture;
- the Department of Ecology;
- the Department of General Administration;
- the Energy Policy Division of the Department of Community, Trade and Economic Development;
- the Utilities and Transportation Commission;
- Washington State University Energy Extension Program; and
- any other state energy entity designated by the Governor.

Substitute Bill Compared to Original Bill:

The original bill consists of an intent section that specifies that the Legislature intends to centralize state energy programs and certain regulatory functions that are currently spread throughout state government into one central office called the Sustainable Energy Office. The substitute bill creates the Sustainable Energy Office and details the powers and duties of the Director.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect July 1, 2008.

Staff Summary of Public Testimony:

(In support) The intention behind this bill is that members of the Legislature intend to do something on this matter. For those interested in this bill and the subject matter, they should get in touch with the sponsor as soon as possible and discuss the issues.

(Opposed) None.

Persons Testifying: Representative Hudgins, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.